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310655Z May 05

ACTION AF-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00	INL-00
	DODE-00	ITCE-00	DOTE-00	DS-00	EB-00	EXME-00	EUR-00
	OIGO-00	E-00	FAAE-00	UTED-00	VC-00	FRB-00	H-00
	TEDE-00	INR-00	LAB-01	VCE-00	M-00	AC-00	NEA-00
	NRC-00	NSAE-00	NSCE-00	OES-00	OMB-00	NIMA-00	EPAU-00
	MCC-00	PER-00	GIWI-00	ACE-00	SP-00	IRM-00	SSO-00
	STR-00	FMP-00	BBG-00	EPAE-00	IIP-00	SCRS-00	DSCC-00
	PRM-00	DRL-00	G-00	NFAT-00	SAS-00	SWCI-00	/002W

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FM AMEMBASSY NDJAMENA
TO SECSTATE WASHDC 1698
INFO AMEMBASSY ABUJA
AMEMBASSY DAKAR
AMEMBASSY LIBREVILLE
AMEMBASSY LONDON
AMEMBASSY NIAMEY
AMEMBASSY PARIS
AMEMBASSY YAOUNDE
DEPT OF TREASURY WASH DC
DOC WASHDC
DOE WASHDC

UNCLAS NDJAMENA 000867

SIPDIS

SENSITIVE

LONDON AND PARIS FOR AFRICA WATCHERS, TREASURY FOR OTA,
ENERGY FOR GPERSON AND CGAY

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [ENRG](#) [EPET](#) [PGOV](#) [CD](#)

SUBJECT: CHAD'S OIL REVENUE MANAGEMENT COLLEGE UPDATE

REF: A. NDJAMENA 72

1B. NDJAMENA 04 2157

11. (SBU) Summary: Based on the assessment of visiting Treasury advisors, Chad's Oil Revenue Management College (the College) is working as intended and even in some cases has succeeded in exercising a stronger role than mandated. During their visit to N'Djamena May 15-26, Ken Torp and Eileen Brown of Treasury's Office of Technical Assistance discussed the selection of a new resident Treasury and worked with the College's technical staff on the management of its internal workload and its budget development and execution. Additional technical assistance through a new resident advisor and targeted training will help strengthen the College's capacity in budget development and execution. End Summary.

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COLLEGE MEETING ITS MANDATE...
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12. (SBU) In a debrief May 26, the Treasury team told the Ambassador that the College is largely meeting its mandate. In 2004, the Government's gross earnings from oil revenues was 169 million USD. This figure is prior to deductions for debt payments, funds for stabilization, future generations, and the producing areas. (Ref A.) The College approved commitments of all revenues received with the exception of close to USD 14 million, which the Chadian Treasury, in conjunction with the Central Bank, rolled over for use this year. The College has approved close to USD 200 million to date. The projected gross earnings from oil revenues in 2005 is USD 242 million.

13. (SBU) Nine ministries have benefited from oil revenue projects. They include public works, agriculture, education, health, environment, mines and energy, and telecommunications. The bulk of the projects approved are for public works and roads, education, and health. Other expenditures include a small subsidy of 250 million FCFA (almost USD 500,000) to the Ministry of Petroleum and to inter-ministerial development, a project designed to link the Government ministries together with electrical and communications lines. Another interesting development is the use of oil revenues to pay salaries in the priority sectors, such as education and health.

14. (SBU) The College is playing an increasing influential role earlier in the budgetary process, one which goes beyond the mandate defined in Chad's petroleum law, according to the Treasury advisors. With the budget cycle for 2006 just beginning, the Ministry of Finance will soon issue a letter to all ministries outlining the Government's budget

priorities and delineating a series of percentages for expenditures in each sector. The ministries will be requested to send their "wish list" to the Ministry of Finance. After reviewing the budget proposals, the Ministry of Finance will send back a list of how much each ministry can spend. A budget conference will be scheduled at which the College will be able to question some of the projects.

15. (SBU) Last year a technical staff member from the College participated as an observer in this process. This is the first year that the College will be involved from the beginning. The College is expected to receive each ministry's "wish list" in advance. The College's comments will be sent to the Council of Ministers along with the Ministry of Finance's recommendations. The Treasury advisors advocated that a College member attend the budget review conference along with a technical staff member. A College member would have a higher status and more likely be able to ask difficult questions.

16. (SBU) In the past, the College has rejected projects, and its rejections have been respected, according to the Treasury advisors. Although the petroleum law stipulates that the College is authorized to reject projects at the time of payment, it is now doing so at an earlier stage. In practice, the professional technical staff is intervening to stop project proposals at the time they review the

procurement notices. This, according to the Treasury team, saves valuable time so that projects that do not meet the criteria for funding are stopped well before the obligation stage. The technical staff confirmed that they turn back many projects for clarification.

... BUT NEEDS TO THINK STRATEGICALLY

17. (SBU) College board members meet regularly to consider the project proposals vetted by the professional staff. The Treasury team is concerned, however, that meetings of the College board members are held to merely rubber stamp the work of the technical staff instead of setting direction, trouble-shooting, resolving bureaucratic issues, or determining if the projects are contributing to overall poverty alleviation. Another issue that requires leadership from the members is improvement in the relationship with the Ministry of Finance, which currently views the College in almost adversarial terms. A possible positive outcome of improved relations between the College and MOF, according to Torp and Brown, would be the adoption of successful College practices by the MOF to improve their own budgetary process.

18. (SBU) The Treasury team also noted that the College's monitoring of projects has no enforcement mechanism. It is extremely important for the College to follow through with the various ministries in cases where the College attempts to verify a project and discovers that projects are inadequately executed (i.e. no wells or a poorly constructed building). Due to the lack of enforcement, the College is unable to focus on the results of specific projects. Finally, the College members, according to the Treasury team, need to have in place a management system within the College, build a sense of teamwork, and develop their own budget priorities. The Treasury team noted that a Resident advisor would aid these activities not only through providing expertise, but also through identifying needs for training programs in specific areas, such as budgetary analysis or IT management.

SITE VISIT

19. (U) On May 25, the Treasury team, political assistant, and member of the College's technical team visited a school in N'Djamena which is the beneficiary of a project funded with the petroleum revenues. Prior to the project, some five thousand students attended class in mud structures with corrugated tin roofs which had no furniture. The project of 12 billion FCFA (24 million USD) paid for the construction of concrete school blocks, a wall, a sports facility, guardhouse, and furniture for the classrooms. The project is still being completed.

COMMENT

110. (SBU) So far Chad's oil revenue management College appears to be working as intended. It is still in its early days, however. Much work remains in terms of determining how revenues from new fields will be managed, how project execution will be verified, and how the College will fit into the overall budget process. A resident Treasury advisor will have a pivotal role in influencing those decisions.

11. (U) Torp and Brown did not have the opportunity to review this message before their departure.
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